

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL -- MAKE CHANGES AS NECESSARY

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W-02472A
Mescal Lakes Water Systems Inc.
P. O. Box 85160
Tucson AZ 85754

RECEIVED

MAR 25 2005

AZ Corporation Commission
Director Of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) Mescal Lakes Water Systems, Inc.		
Mailing Address 2102 N. Forbes, #107		
(Street)		
Tucson	AZ	85745
(City)	(State)	(Zip)
520-624-4404	520-792-0377	
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address		
Local Office Mailing Address same as above		
(Street)		
(City)	(State)	(Zip)
Local Office Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address		

MANAGEMENT INFORMATION

Management Contact: Southwestern Utility Management, Inc.			
(Name)		(Title)	
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-624-4404	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			
On Site Manager: Raymond Maldonado			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-624-4404	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address			

☐ Please mark this box if the above address(es) have changes or are updated since the last filing.

Statutory Agent Ezra H. Lewis			
(Name)			
2102 N. Forbes, #107	Tucson	AZ	85745
(Street)	(City)	(State)	(Zip)
520-624-4404	520-792-0377		
Telephone Number (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney:			
(Name)			
(Street) (City) (State) (Zip)			
Telephone Number (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			

☒ Please mark this box if the above address(es) have changes or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to you company:

<input type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-Op)
<input type="checkbox"/> Partnership (P)	<input checked="" type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co-Op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED


Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input checked="" type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D (OC less AD)
301	Organization	104	---	104
302	Franchises	250	---	250
303	Land and Land Rights	9063	---	9063
304	Structures and Improvements	7304	4433	2871
307	Wells and Springs	30319	21229	9090
311	Pumping Equipment	49272	30959	18313
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	64254	41314	22940
331	Transmission and Distribution Mains	477077	365296	111781
333	Services	82903	38970	43933
334	Meters and Meter Installations	42749	25801	16948
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	763295	528002	235293

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	104		
302	Franchises	250		
303	Land and Land Rights	9063		
304	Structures and Improvements	7304	5%	365
307	Wells and Springs	30319	5%	1516
311	Pumping Equipment	49272	5%	2464
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	64254	5%	3212
331	Transmission and Distribution Mains	477077	5%	23855
333	Services	82903	5%	4144
334	Meters and Meter Installations	42749	5%	2137
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	763295		37693

This amount goes on Comparative statement of Income and Expense
Acct. No. 403.



BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 60906	\$ 2470
134	Working Funds		
135	Temporary Cash Investments	132848	204641
141	Customer Accounts Receivable	23098	30175
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	1101	1101
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 217953	\$ 238387
	FIXED ASSETS		
101	Utility Plant in Service	\$ 757093	\$ 763295
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(490309)	(528002)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 266784	\$ 235293
	TOTAL ASSETS	\$ 484737	\$ 473680

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	43231	42369
236	Accrued Taxes	795	781
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 44026	\$ 43150
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes Payable	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	225082	222572
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	141573	141573
272	Less: Amortization of Contributions	(141573)	(141573)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 225082	\$ 222572
	TOTAL LIABILITIES	\$ 269108	\$ 265722
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	159638	159638
215	Retained Earnings	55891	48220
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 215629	\$ 207958
	TOTAL LIABILITIES AND CAPITAL	\$ 484737	\$ 473680

Retained Earnings--Beginning

55,891

Net Income

31604

Dividend Paid

(39275)

Ending Retained Earnings

48220

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 174151	\$ 172447
460	Unmetered Water Revenue		
474	Other Water Revenue	2075	2800
	TOTAL REVENUES	\$ 176226	\$ 175247
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	12511	12374
618	Chemicals	32	46
620	Repairs and Maintenance	2793	2900
621	Office Supplies and Expense	3606	2909
630	Outside Services	63864	64927
635	Water Testing	2160	1964
641	Rents		
650	Transportation Expense	4714	7546
657	Insurance – General Liability	2064	3935
659	Insurance – Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	418	505
403	Depreciation Expense	37384	37693
408	Taxes Other Than Income		
408.11	Property Taxes	9852	10779
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 139398	\$ 145578
	OPERATING INCOME/(LOSS)	\$ 36828	\$ 29669
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 202	\$ 1095
421	Non-Utility Income	922	1011
426	Miscellaneous Non-Utility Income		
427	Interest Expense	(447)	(171)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 677	\$ 1935
	NET INCOME/(LOSS)	\$ 37505	\$ 31604

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	-----			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principal	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 33521

Meter Deposits Refunded During the Test Year \$ 6390

COMPANY NAME

MESCAL LAKES WATER SYSTEMS, INC.

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-800432	15	80	415	8	2	1975
Not in service 55-800433	5	10	1098	6	n/a	1971
55-561268	15	140	400	8	2	1997

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	3,000	1
50,000	1	5,000	1

COMPANY NAME MESCAL LAKES WATER SYSTEMS, INC.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3	PVC	1870
4	PVC	19335
5		
6	PVC	40330
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	450
3/4	2
1	6
1 1/2	
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

770' of 6' chain link fence

OTHER:

See Accountants' Report

COMPANY NAME:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	452	1936599	2264
FEBRUARY	452	1380465	1461
MARCH	452	1492602	1596
APRIL	452	2014758	2152
MAY	453	2271682	2384
JUNE	456	3013513	3328
JULY	456	3133297	3511
AUGUST	457	1983560	2192
SEPTEMBER	457	1997717	2297
OCTOBER	462	2674055	2857
NOVEMBER	462	1869981	2109
DECEMBER	462	1564856	1721
TOTAL		N/A	27872

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.0066 mg/l
(If more than one well, please list each separately.) 0.0055 mg/l

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Mescal Lakes Water Systems, Inc.

YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar year 2004 was \$ 10779

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property tax paid, explain why. _____

COMPANY NAME Mescal Lakes Water Systems, Inc.YEAR ENDING 12/31/2004**INCOME TAXES**

For this reporting period, please provide the following:

Federal Taxable Income Reported	<u>S Corporation</u>
Estimated or Actual Federal Tax Liability	<u></u>
State Taxable Income Reported	<u>S Corporation</u>
Estimated or Actual State Tax Liability	<u></u>
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	<u></u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u></u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

3-22-05

DATE

Ezra H. Lewis
PRINTED NAMEPresident
TITLE

RECEIVED

MAR 25 2005

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

AZ Corporation Commission
Director Of Utilities

**VERIFICATION
STATE OF**

Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Pima
NAME (OWNER OR OFFICIAL) TITLE	Ezra H. Lewis, President
COMPANY NAME	Mescal Lakes Water Systems, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)
\$ 186144

**(THE AMOUNT IN THE BOX ABOVE
INCLUDES \$ 10897
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Ezra H. Lewis
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

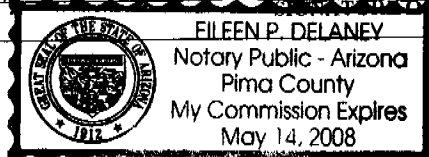
THIS 22ND **DAY OF**

(SEAL)

MY COMMISSION EXPIRES

See Accountants' Report.

COUNTY NAME	PIMA
MONTH	MARCH 2004



VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

MAR 25 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

(COUNTY NAME) Pima	
NAME (OWNER OR OFFICIAL) Ezra H. Lewis	TITLE President
COMPANY NAME Mescal Lakes Water Systems, Inc.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01 ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 183609

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 10695

IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS**


22nd DAY OF

(SEAL)

MY COMMISSION EXPIRES MAY 14, 2008

See Accountants' Report

NOTARY PUBLIC NAME EILEEN P. DELANEY	
COUNTY NAME PIMA	
MONTH MARCH	YEAR 2005


SIGNATURE OF NOTARY PUBLIC

